

STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
P. O. BOX 942850  
Sacramento, CA 94250-5878

DATE: May 31, 2017

PAYROLL LETTER #17-004  
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Debra Spellman, Chief  
Personnel/Payroll Services Division**RE: BARGAINING UNITS 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21 CASH OUT OF VACATION/ANNUAL LEAVE PROGRAM – FISCAL YEAR 2016-2017**

This Payroll Letter provides information on how to process payments for Bargaining Units 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21 for the cash out of Vacation/Annual Leave. For details of the program, please reference CalHR's Human Resources Manual Section 2104 at <http://hrmanual.calhr.ca.gov/Home/ManualItem/2104>.

Departments electing to participate must submit payment requests beginning June 1, 2017 and no later than June 27, 2017. Per CalHR, payments must be charged to the fiscal year 2016-2017 and issue dated by June 28, 2017.

The cash out of Vacation/Annual Leave payments are based on the employee's hourly salary rate multiplied by the number of hours bought back.

For employees that receive pay differentials, each pay differential should be reviewed. If the pay differential indicates "yes" to "lump sum vacation" or "lump sum extra" the pay differential amount shall be included when calculating the eligible employee's hourly salary rate for purposes of the cash out.

Refer to CalHR's website at <http://www.calhr.ca.gov/state-hr-professionals/Pages/pay-differentials.aspx> for pay differential information. If the employee participates in the Voluntary Personal Leave Program (VPLP), the VPLP amount must be included when calculating the hourly rate for purposes of the cash out.

#### Bargaining Unit 6 – 7K Exemption Employees

Per the Unit 06 Salary Conversion Tables located on CalHR's website at <http://calhr.ca.gov/state-hr-professionals/Pages/pay-scales.aspx>, departments should use 177.67 hours per pay period to calculate the hourly rate.

#### TAXES

The computed gross amounts are subject to federal and state income tax withholdings, Social Security, State Disability Insurance, and Medicare tax withholdings where applicable. The computed gross amounts are NOT subject to retirement. The tax rates are as follows:

25% Federal Tax (flat rate)

6.6% State Tax (flat rate)  
 6.2% Social Security (if applicable)  
 0.9% State Disability Insurance (if applicable)  
 1.45% Medicare (if applicable) **OR**  
 2.35% Medicare for wages over \$200,000 (if applicable)

#### PROCESSING PAYMENTS

Submit all payment requests via the PIP System. Use form STD. 671, Miscellaneous Payroll/Leave Actions to document the information to enter into the PIP System and keep forms for department records. Please refer below for form STD. 671 completion instructions.

For Departments not participating in CLAS:  
 Use the following Earnings ID to request leave cash out payments.

<u>PAYMENT REQUEST</u>	<u>EARNINGS ID</u>
Annual Leave and Vacation Cash Out	9V

For Departments participating in CLAS:  
 Use the following Earnings IDs listed below to request leave cash out payments and automatically update CLAS leave records.

<u>PAYMENT REQUEST</u>	<u>EARNINGS ID</u>
Annual Leave Cash Out	AL36
Vacation Cash Out	VA36

Before keying via PIP, complete form STD. 671, items 1-3, 15-17, and 19-21 as follows:

ITEM NUMBER(S)	ITEM NAME	ACTION
1-3	Pay Period	Complete (must be June 2017)
15	Earnings ID	Complete
16	Days	Blank
17	Hrs/Hdths	Blank if Earnings ID = 9V Enter hours if Earnings ID = AL36 or VA36
19	Hourly Rate	Blank
20	WWG/FLSA	Blank
21	Computed Gross	Complete

#### FORM STD. 674 PAYMENT REQUESTS

If an employee is off pay status during June 2017, pay must be requested via form STD.674. If requesting payment using form STD. 674, do not use the CLAS Earnings IDs. Refer to PPM Section G 105 for form STD. 674 completion instructions.

Please direct questions regarding cash out payments to the Customer Contact Center at (916) 372-7200. Questions regarding CLAS should be directed to the CLAS Liaison at (916) 327-0756.

DS:AFB:PMAB